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UNCLAS SECTION 01 OF 15 TOKYO 001628

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E.O. 12958: N/A

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SUBJECT: JAPANESE MORNING PRESS HIGHLIGHTS 06/16/08

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3) Prime Minister's Official Residence (Kantei)

Prime Minister's schedule, June 13

NIKKEI (Page 2) (Full)
June 14, 2008

08:31

Attended a Security Council of Japan meeting.

09:00

Attended a cabinet meeting.

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09:35

Met Miss Iris Yamauchi and others at the Kantei in the presence of Finance Minister Nukaga. Afterward met Asian Development Bank President Kuroda.

11:10

Attended a consumer administration promotion conference. Afterward met State Minister in Charge of Consumer Affairs Kishida.

12:15

Met Climate and Energy Minister Hedegaard of Denmark at the Hotel New Otani, followed by former British Foreign Minister Beckett. Afterward attended the 2008 global environment symposium sponsored by the Asahi Shimbun.

14:33

Met at the Kantei U.S.-Japan Conference on Cultural and Educational Exchange adviser Minoru Makihara, Shinsei Bank President Thierry Porte in the presence of U.S. Ambassador to Japan Schieffer and others.

14:58

Met Foreign Minister Koumura, Vice-Foreign Minister Yabunaka, Asian and Oceanian Affairs Bureau Director-General Saiki in the presence of Chief Cabinet Secretary Machimura, Deputy Chief Cabinet Secretary Futahashi and advisor Nakayama.

15:41

Met Takeshi Noda and other Lower House lawmakers of the LDP anti-global warming headquarters.

16:01

Met Cabinet Intelligence Director-General Mitani, followed by LDP Election Strategy Council Chairman Koga and his deputy Suga. Afterward met MHLW Minister Masuzoe.

17:17

Met Internal Affairs and Communications Minister Masuda and Assistant Chief Cabinet Secretary Saka.

17:37

Met drug abuse prevention campaign character Konno and others.

19:20

Returned to his official residence.

Prime Minister's schedule, June 14

NIKKEI (Page 2) (Full)
June 15, 2008

10:10

Deputy Chief Cabinet Secretary for Crisis Management Ito.

13:00

Attended an Iwate-Miyagi Inland Earthquake meeting at the Kantei Crisis Management Center.

13:20

Met Deputy Foreign Minister Kohno, Economic Affairs Bureau Director-General Otabe, Assistant Chief Cabinet Secretary Ando,

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Resources and Energy Agency Director General Mochizuki, MOF International Cooperation Bureau chief Bessho, Finance Ministry International Bureau chief Tamaki and others.

15:10

Met Ito, followed by Chinese Foreign Minister Yang Jiechi and South Korean Foreign Minister Yu Myung Hwan in the presence of Foreign Minister Koumura and Asian and Oceanian Affairs Bureau chief Saiki.

16:10

Met Ito.

17:42

Met Fiscal and Economic Policy Minister Ota.

18:32

Talked with Disaster Minister Izumi on the phone at the Crisis Management Center.

19:00

Met Ota.

Prime Minister's schedule, June 15

NIKKEI (Page 2) (Full)
June 16, 2008

10:16

Met Deputy Chief Cabinet Secretary for Crisis Management Ito and Meteorological Agency Director General Hiraki.

13:03

Met Disaster Minister Izumi and Cabinet Director General for Policy Planning Kato.

17:28

Met Land, Infrastructure, and Transport Minister Fuyushiba.

4) Poll: 55 PERCENT disapprove lifting sanctions on N. Korea; Cabinet support up slightly to 21 PERCENT

MAINICHI (Page 1) (Abridged)
June 16, 2008

The Mainichi Shimbun conducted a telephone-based nationwide public opinion survey on June 14-15, in which only 34 PERCENT answered "yes" while 55 PERCENT said "no" when respondents were asked if they appreciated the government's decision to lift some of its sanctions on North Korea in response to North Korea's agreement in the recent bilateral talks to look again into the issue of Japanese nationals abducted to North Korea. The rate of public support for Prime Minister Fukuda and his cabinet rose 3 percentage points from the last survey in May to 21 PERCENT, with the nonsupport rate down 1 point to 60 PERCENT. The Fukuda cabinet's support rate rose for the first time since it came into office in September last year. Yet, it still remains low.

North Korea has also agreed to turn over Japan Airlines hijackers. However, the survey shows that the general public is cautious about lifting sanctions without seeing what North Korea will now do.

In the breakdown of public support for political parties, the ruling

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Liberal Democratic Party stood at 21 PERCENT, up 1 point from the last survey. The leading opposition Democratic Party of Japan

(Minshuto) was at 25 PERCENT , down 3 points.

5) Poll: 47 PERCENT support DPJ's confrontational stand against Fukuda

MAINICHI (Page 1) (Full)
June 16, 2008

The Diet has now wound up a battle of words between the ruling and opposition parties in its current ordinary session, with the House of Councillors adopting a censure motion against Prime Minister Yasuo Fukuda on June 11. The Mainichi Shimbun, in its recent public opinion survey, asked respondents about the Diet's divided situation in which the ruling camp holding a majority of the seats in its lower chamber while the opposition camp controlling its upper chamber.

In the survey, respondents were asked if they appreciated the leading opposition Democratic Party of Japan (Minshuto) that took a confrontational stand against the governing parties. To this question, 47 PERCENT answered "yes," with 43 PERCENT saying "no." In the last survey taken in May, "yes" accounted for 41 PERCENT , with "no" at 51 PERCENT . The survey this time shows that the DPJ's strategy has gained more public understanding.

Facing the censure motion, the prime minister will not dissolve the House of Representatives and his cabinet will not resign en masse. Those who approved this course accounted for only 29 PERCENT , with those who disapproving totaling 61 PERCENT .

6) Poll: Cabinet support up to 25 PERCENT

TOKYO SHIMBUN (Page 1) (Full)
June 14, 2008

In the wake of the House of Councillors' passage of a censure motion against Prime Minister Yasuo Fukuda, Kyodo News conducted a telephone-based spot nationwide public opinion survey on June 12-13. The Fukuda cabinet's support rate was 25.0 PERCENT , up 5.2 percentage points from its all-time low.

This can be taken as reflecting the public's appreciation to a certain extent of Fukuda, who told his ruling Liberal Democratic Party and its coalition partner, New Komeito, to agree with the leading opposition Democratic Party of Japan (Minshuto) to retouch a bill reforming the national civil service personnel system. As a result, the legislation passed through the Diet. In the breakdown of public support for political parties, the LDP rose 4.8 points to 29.1 PERCENT , with the DPJ dropping 6.7 points to 23.6 PERCENT . The LDP outstripped the DPJ for the first time in a month.

The Fukuda cabinet's nonsupport rate was 60.2 PERCENT , showing a decrease of 6.4 points. However, it still remains high. Fukuda is still facing difficulties in steering his government. In the breakdown of reasons for not supporting the Fukuda cabinet, 28.7 PERCENT said the prime minister lacks leadership ability, topping all other answers. The most common reason given for supporting the Fukuda cabinet was that there is no other appropriate person, accounting for 47.1 PERCENT . Among other reasons for supporting Fukuda, 20.4 PERCENT said the prime minister was trustworthy,

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showing a slight increase.

The Diet has now censured Fukuda in its upper chamber, and the DPJ is poised to continue its refusal of deliberations in the Diet during its extraordinary session that is expected to be called in August. In the survey, 68.6 PERCENT answered said "no" and 17.3 PERCENT said "yes" when respondents were asked if they would support the DPJ's strategy of boycotting Diet deliberations.

Respondents were also asked what they thought the prime minister should do. In response to this question, 56.2 PERCENT said the prime minister should dissolve the House of Representatives for a general election, with 30.0 PERCENT saying the prime minister does not have to resign because the censure motion is not legally binding

and 8.4 PERCENT saying his cabinet should resign en masse. Respondents were further asked when they would like an election to be held for the House of Representatives. To this question, 22.0 PERCENT answered that they would like it to take place by this summer, with 36.4 PERCENT preferring to "this fall or later this year." A total of nearly 60 PERCENT, as in the last survey, want an election to take place within the year.

Meanwhile, public opinion was split over the now-introduced controversial new healthcare system for the elderly, with 47.0 PERCENT insisting that it should be abolished and 44.9 PERCENT saying they think it is all right to maintain the new system if it is improved.

7) Poll: Cabinet support down to 19.1 PERCENT

TOKHYO SHIMBUN (Page 2) (Abridged)
June 16, 2008

The rate of public support for Prime Minister Yasuo Fukuda's cabinet dropped 0.8 percentage points from last month to 19.1 PERCENT in a public opinion survey conducted by Jiji Press on June 6-9. The Fukuda cabinet's support rate reached a new low in the Jiji poll since its inauguration. The nonsupport rate was 61.8 PERCENT, down 1.0 points. It decreased for the first time but still topped 60 PERCENT for the second month in a row. This can be taken as reflecting public attitudes critical of (a scandal involving) government bureaucrats treated by taxicab drivers in money or in kind on their way home late at night, as well as a public backlash against the controversial new healthcare system for the elderly.

In the breakdown of public support for political parties, the ruling Liberal Democratic Party stood at 20.3 PERCENT, up 0.8 points. The LDP topped 20 PERCENT for the first time in two months. Meanwhile, the leading opposition Democratic Party of Japan (Minshuto) dropped 1.3 points to 14.5 PERCENT. The difference of public approval ratings for the LDP and the DPJ expanded to 5.8 PERCENT.

The survey was conducted across the nation on a face-to-face basis with a total of 2,000 persons chosen from among men and women aged 20 and over. The response rate was 66.4 PERCENT.

8) DPRK vows to reinvestigate abductees, send hijackers back to Japan

NIKKEI (Top play) (Excerpts)
June 14, 2008

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The government on June 13 declared that during the latest formal working-level talks between Japan and North Korea in Beijing, the North Korean side altered its previous assertion that the issue of abductions of Japanese citizens has already been settled, and that it promised to reinvestigate Japanese abductees whose whereabouts had been unknown. The North Korean side also indicated that it would cooperate and hand six JAL hijackers and related persons suspected of having been involved in abductions of Japanese citizens back to Japan. Tokyo intends to lift a portion of its independent economic sanctions imposed on North Korea, which began in October 2006, once both sides reach an agreement on methods for reinvestigations and other matters.

Late on June 13, when asked about the results of the recent Japan-North Korea talks at the Kantei, Prime Minister Yasuo Fukuda said: "North Korea appeared willing to have talks with us. If that is the case, it may be safe to say that we have now come to the entrance of the negotiating process." Chief Cabinet Secretary Nobutaka Machimura told the press: "They have turned around their previous stance that the abduction issue had been settled already. We view this as a degree of progress on the issue."

The working-level talks were held on June 11 and 12 between the Japanese representative, Akitaka Saiki, director-general of the Ministry of Foreign Affairs' Asian and Oceanian Affairs Bureau, and his North Korean counterpart, Song Il Ho, ambassador for diplomatic

normalization talks with Japan. On the 13th, Saiki briefed Fukuda, Machimura, and Foreign Minister Masahiko Koumura on the results of the talks. The government announced the results of the talks through a press briefing by Machimura. The government also explained the results to family members of the abductees.

On the question of abductions of Japanese citizens by North Korea, the North Korean side vowed to reinvestigate abductees in view of taking specific action to resolve the issue. As for how the reinvestigation should be conducted, the Japanese side asserted that the investigation needs to discover survivors and lead to having them return home. The North Korean side did not reject this assertion by Japan. Machimura noted: "Our understanding is that the other side has accepted (the Japanese side's assertion)."

Major points of Japan-North Korea talks

Q North Korea has promised to reinvestigate the abduction issue. The Japanese side welcomed this stance, as the North Koreans altered their previous position.

Q North Korea declared that it would cooperate to resolve the JAL hijacking incident. Coordination will start between the two countries to send the hijackers back to Japan.

Q Once agreement is reached on how to reinvestigate abductees, Japan will lift restrictions on personal travel between Japan and North Korea and North Korean chartered planes' flights into Japan.

Q Japan will remove a ban on North Korean ships' entering Japanese ports only if they load relief goods for humanitarian purposes in Japan. But Japan will not allow people to embark or disembark.

Q Japan does not take the progress at present as sufficient for taking part in economic and energy assistance agreed on in the six-party talks on the North Korean nuclear issue.

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9) LDP secretary general: Japan will be involved in reinvestigation into abductees

YOMIURI (Page 2) (Full)
June 16, 2008

The ruling Liberal Democratic Party's (LDP) Secretary General Ibuki appeared on an NHK TV talk show yesterday. When asked about a reinvestigation into Japanese abductees declared by North Korea during the latest working-level talks between Japan and North Korea, Ibuki indicated that the Japanese side would be involved in the reinvestigation, noting, "It will not be done one-sidedly by North Korea. They will consult with Japan and confirm items for reinvestigation and identify abductees." Ibuki went on to say: "We can't remove the sanctions (now imposed on North Korea) if we do not satisfy the details of the reinvestigation. Even after we remove the sanctions, if the way the investigation is carried out is different, the sanctions will be imposed again. Prime Minister Fukuda is strongly aware of this point."

10) Prime Minister Fukuda: Sanctions would be eased further if improvement in reinvestigation on abductees seen

TOKYO SHIMBUN (Page 3) (Full)
June 14, 2008

When asked by the press corps on June 13 at his office about North Korea having promised Japan to conduct again its investigations on the Japanese abductees by its agents, Prime Minister Yasuo Fukuda indicated that Tokyo would ease further its sanctions against Pyongyang depending on the development of the reinvestigation. Fukuda stated: "If there is any improvement in the investigation, we will ease the economic sanctions further."

Fukuda gave a certain level of positive evaluation to the result of the recent Japan-North Korea talks, saying: "The question is the contents of the reinvestigation. We will boil them down. I think we

are now at the start of the negotiating process."

He explained the reason for his decision to lift part of the economic sanction measures (against the North) this way:

"Obviously, North Korea expects something in return. Since we cannot hold negotiations (with that country) without such, I have decided it would be good to ease the sanctions in an extremely limited manner."

11) DPJ's Hatoyama: Sanctions should not be easily lifted

TOKYO SHIMBUN (Page 3) (Full)
June 14, 2008

Democratic Party of Japan (DPJ) Secretary General Yukio Hatoyama on June 13 criticized the government decision to ease part of its sanction measures against North Korea. He said: "Unless there is any concrete improvement (in the issue of North Korea's kidnapping of Japanese nationals), the government should not easily lift the sanctions." He was responding to questions by the press. He also stated: "Is it an improvement that North Korea cannot say the abduction issues has been resolved? The public will be totally unconvinced."

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Meanwhile, Japanese Communist Party Head of the Secretariat Tadayoshi Ichida released a statement that wrote: "It is a step forward for resolving the Japan-North Korea problems."

12) North Korea's planned reinvestigation into abduction issue: U.S. spokesman welcomes sincere steps by North Korea, emphasizing cooperation between U.S. and Japan

NIKKEI (Page 2) (Full)
Evening, June 14, 2008

A U.S. State Department spokesman commented on June 13 on the fact that North Korea has promised to launch a reinvestigation into the question of Japanese nationals abducted to the North: "We will welcome any sincere steps to be taken by North Korea." At the same time, he indicated that the U.S. government's efforts have paid off, saying: "The United States has long urged North Korea to address Japan's concern over the abduction issue."

As the next step, the United States intends to accelerate coordination for progress in the six-party talks on the North Korean nuclear issue.

U.S. State Department spokesman Vasquez indicated that Washington and Tokyo had worked closely for Japan-DPRK talks, saying, "We were informed of the contents of the talks by the Japanese government in advance."

13) Mood growing for resumption of six-party talks

NIKKEI (Page 3) (Slightly abridged)
June 14, 2008

(Hiroshi Maruya, Washington)

The U.S. government has welcomed the recent progress in Japan-North Korea talks. The Bush administration is eager to hold a six-party foreign ministerial after estimating how and when the second stage of North Korea's denuclearization will be completed. It is aiming to resume the six-party talks by the end of June and hold a foreign ministerial in July. Upon ascertaining what responses North Korea will make to the issue of the past abductions of Japanese nationals by its agents and to its pledge to declare all its nuclear programs, the U.S. intends to decide to delist North Korea as a state sponsor of terrorism.

In the talks held so far between the U.S. and North Korea, U.S. Assistant Secretary of State Christopher Hill, the top U.S. nuclear negotiator, urged the North to take action to resolve the abduction

issue. Consideration to Japan, an ally of the U.S., is imperative for State Secretary Condoleezza Rice and Hill, both of whom give priority to a policy of dialogue in dealing with Pyongyang, to persuade the hardliners in the U.S., who are critical of their policy. In order also for the U.S. to draw Japan into the framework of aid to the North in return for its submission of a nuclear declaration and to reduce its burden, an improvement in Japan-North Korea relations is imperative for the U.S.

North Korea has agreed to hand over Japanese radicals who hijacked a Japan Airlines plane and took it to North Korea. This development and the North's earlier antiterrorism statement will make it easier

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for the U.S. to be ready to drop North Korea from the U.S. terrorism blacklist.

If North Korea disables the reactor at its nuclear complex in Yongbyon and declares all its nuclear programs, and if the U.S. delists the North, the second stage will be almost completed. The denuclearization process will then enter the final stage.

The Bush administration is now preoccupied with Iraq policy, prior to the expiration of its term of office next January. If things move smoothly as envisioned, such progress will be one of its few diplomatic achievements. The administration is aiming to hold a foreign ministerial to coincide with a planned visit to Asia by Secretary Rice after the six-party talks resume. The U.S. is looking to time it with the Association of Southeast Asian Nations (ASEAN) Regional Forum (ARF) to be held in Singapore in late July.

Even so, it is still uncertain whether North Korea will include the number of nuclear weapons it possesses in declaring its nuclear programs. Negotiations may not proceed smoothly.

14) Secretaries general of LDP, New Komeito: Revival of sanctions possible, depending on North Korea's response

SANKEI (Page 5) (Full)
June 16, 2008

Appearing on an NHK program yesterday, Liberal Democratic Party (LDP) Secretary General Bunmei Ibuki stated:

"We won't be able to lift the sanctions (against North Korea) unless we satisfy the contents (of the reinvestigation). If the North does not keep its promise after we lift part of the economic sanction measures, we will reinstate the sanctions."

Ibuki showed the perception that Japan would reinstate its sanctions depending on North Korea's response.

Appearing on the same NHK program, New Komeito Secretary General Kazuo Kitagawa said:

"We have to gauge the contents of the reinvestigation on the abductees (which North Korea promised). If Pyongyang does half-back response, we will reinstate the sanctions. We will naturally take tough measures."

Ibuki also stated on a Fuji TV program yesterday: "Unless the reinvestigation on the abductees is conducted as Japan expects, there is no need to (lift the sanctions). I think Prime Minister Yasuo Fukuda understands it well."

Democratic Party of Japan (DPJ) Secretary General Yukio Hatoyama, however, criticized the government's response, saying: "It is too early to ease the sanctions before North Korea shows specific response."

15) Japan, China, South Korea foreign ministers agree to hold trilateral summit in September, strengthen anti-disaster cooperation

YOMIURI (Page 2) (Full)
June 15, 2008

The foreign ministers of Japan, China and South Korea held talks on June 14 at the Foreign Ministry's Iikura Guesthouse in Tokyo's Azabudai. As a result, they decided to hold a trilateral summit by September in Tokyo. In the past, trilateral summits have been held on the sidelines of ASEAN forums and other events. The upcoming trilateral summit will be held for the first time independently from international conferences. An agreement was also reached to hold a trilateral foreign ministerial regularly rotating the location among the three countries. The next foreign ministerial will be held in China.

The meeting was held for about two hours among Japan's Foreign Minister Masahiko Koumura, China's Yang Jiechi, and South Korea's Yu Myung Hwan. The three foreign ministers decided to carry out coordination to ensure that the North Korean issue, climate change and other matters would be high on the agenda of the upcoming trilateral summit.

Koumura said about the six-party talks on the North Korea nuclear issue: "We would like to obtain the understanding of China and South Korea so that the questions of denuclearizing North Korea and of Japan-DPRK relations, including the abduction issue, will move forward." In response, Yang and Yu agreed to enhance ties among the three countries, saying, "Cooperation among Japan, China and South Korea is vital." The three ministers also agreed to promote anti-disaster cooperation in order to be able to respond speedily to major disasters, such as the recent Sichuan earthquake.

As for climate change, a major topic in the upcoming July Lake Toya Summit meeting, the three countries agreed to combine efforts for drafting a new framework replacing the Kyoto Protocol in 2013 and beyond. They also decided to hold policy talks in Japan in the fall to closely cooperate in providing aid to Africa.

16) Taiwan to recall envoy to Japan in reaction to Japan's response to Senkaku accident

MAINICHI (Page 2) (Abridged slightly)
June 15, 2008

A Taiwanese fishing boat sank on June 10 after colliding with a Japan Coast Guard patrol boat in Japanese territorial waters near the Senkaku Islands, known as Tiaoyutai in Taiwan, in the city of Ishigaki, Okinawa Prefecture. The Taiwanese foreign affairs department (Foreign Ministry) announced on June 14 that it would recall representative Koh Se-kai of the Taipei Economic and Cultural Representative Office in Japan, a point of contact with Japan, saying that Japan's response was unacceptable. Criticism has been growing in Taiwan against Japan since the accident.

One June 14, the 11th Regional Japan Coast Guard Headquarters in Naha City sent to the Naha District Public Prosecutors Office Ishigaki branch office papers on the captains of the JCG patrol boat and the Taiwanese fishing boat on suspicion of professional negligence.

Taiwanese Foreign Minister Francisco Ou in a press conference said: "It was outrageous that the (JCG) patrol boat sank the small Taiwanese fishing boat. We demand an apology and the (JCG patrol boat) captain pay compensation for the inhumane act." Ou also announced a plan to abolish a special committee, established in

October 2005 in the Foreign Ministry to handle Japan affairs with the aim of strengthening ties to Japan.

Over the accident, Executive Yuan President (Premier) Lio Chao-hsuan said on June 13: "I will not rule out opening hostilities as the last resort." With some considering dispatching warships, Taiwan is stepping up its hard-line stance toward Japan.

17) G-8 finance ministers share need for a "strong dollar"

NIKKEI (Page 1) (Full)
June 15, 2008

In the Group of Eight (G-8) Finance Ministers' Meeting held in Osaka yesterday, the ministers essentially approved of the U.S. policy of propping up its currency. U.S. Treasury Secretary Henry Paulson Jr. stressed that a "strong dollar" was imperative to stabilize the global economy. No other voiced opposition to Paulson's view. After the meeting, Paulson issued a statement noting: "I recognize that the recent steep rise in oil prices is becoming a major risk that could prolong the U.S. economic slump." He had earlier said that the U.S. economy would be on a recovery path in the middle of the year, but he indicated in the statement that the recovery might be delayed to the end of the year.

A senior Japanese Finance Ministry official quoted Paulson as saying: "The U.S. economy has great long-term growth potential. If solid fundamentals in the U.S. economy are reflected, our currency will naturally become stronger."

In a press briefing held after the meeting, Finance Minister Fukushima Nukaga indicated that the joint statement issued at the meeting in April of the Group of Seven (G-7) finance ministers and central bank governors, which clearly expressed apprehension about the slumping U.S. dollar, is still effective, emphasizing the need for propping up the dollar. Nukaga said: "What was agreed on in the G-7 meeting remains effective even now." French Finance Minister Christine Lagarde also said: "I don't feel there is anything strange about that."

The G-7 statement in April noted: "Key currencies sometimes undergo a rapid change. We are worried that such changes might negatively affect our economies and monetary markets." It was the first time in seven years and seven months that a statement was designed to constrain sharp changes in key currencies. This highlighted their concern about the weak dollar.

The G-8 finance ministers find it difficult to refer to currency issues in a joint statement without central bank governors present. Given this, they aimed to show to market players that they share the same position over the weak dollar.

Paulson also referred in the statement after the meeting to the risk of higher oil prices dealing a blow to the U.S. economy, saying: "The U.S. economy is still facing a trial." He added: "I expect that the growth path of the U.S. economy will become faster than the current path before the end of the year."

18) G-8 finance ministers vow to cooperate in addressing inflation:
Seek transparency in crude oil prices

YOMIURI (Page 1) (Abridged slightly)

TOKYO 00001628 013 OF 015

June 14, 2008

The Group of Eight Nations (G-8) finance ministerial, which has been held in Osaka, closed on the afternoon of June 14, after adopting a joint statement. The meeting participants in the joint statement expressed concern that the steep rise in prices of crude oil and food could increase inflationary pressure worldwide and vowed to deal with the issue in cooperation.

Concerning the steep rise in crude oil prices, the joint statement calls for efforts to constrain demand for oil through the dissemination of energy-saving technologies and improve the transparency of the crude oil price formation process through such means as promoted disclosure of stockpiling information.

One cause contributing to the steep rise in crude oil prices is speculative funds, which have nothing to do with actual supply and demand of oil. The participants agreed to pay attention to the movements of speculative funds.

The meeting also focused on the currency exchange issue with participants in stressing in unison the importance of stabilizing exchange rates in order to prevent the dollars from quickly losing value. This is out of the concern that if the weak-dollar trend continues, inflation in the U.S. would become serious, having an adverse impact on the global economy. In addition, it would trigger the influx of funds into the crude oil market, further raising its prices.

The statement also calls on various countries, including the G-8 Nations, to make more efforts to boost food production so as to contain the sharp rise in food prices. It also points out that grain export restrictions are one factor contributing to soaring grain prices.

The participants agreed to set up a climate investment fund to help developing countries take measures to prevent global warming.

19) Environment fund to help developing countries; Japan, U.S., Britain aim to raise up to 10 billion dollars, calling on emerging countries to take part

NIKKEI (Page 3) (Full)
June 14, 2008

Japan, the U.S., Britain and the World Bank on June 13 revealed their policy of seeking contributions from emerging countries as well as industrialized countries, such as the G-8 Nations, to a climate investment fund to be established as early as this summer. The fund is designed to help developing countries address global warming. The three lead donors and the World Bank aim to raise up to 10 billion dollars, assuming the participation of China and India as well.

The finance ministers of Japan, the U.S. and Britain, and the World Bank Group president on the 13th held a joint press briefing prior to the G-8 finance ministerial. Finance Minister Nukaga said, "I want to call on as many countries as possible to take part though the finance ministerial and the Lake Toya Summit." The U.S. treasury secretary noted: "I hope we can raise up to 10 billion dollars. We will be able to gain assistance from emerging countries with large economies."

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The World Bank will manage and control the funds, proposed by Japan, the U.S. and Britain, in providing funds and loans to developing countries. Japan will donate up to 1.2 billion dollars. Whether emerging countries will respond to the call is unclear.

20) G-8 science and technology ministers vow to promote joint use of research facilities for technological development in addressing global warming

YOMIURI (Page 2) (Full)
June 16, 2008

The first-ever G-8 science and technology ministerial was held on June 15 in Nago City, Okinawa. Participants agreed to large-scale research facilities so as to promote international cooperation in developing innovative technologies aimed at addressing the gradual global-scale climate change.

State Minister for Science and Technology Kishida finalized the chairman's summary and released it at a press conference after the meeting.

Regarding an approach to settling the global-scale environmental issue, the participants were in unison in emphasizing the importance of developing such innovative technologies as next-generation technology, fusion energy and carbon dioxide capture and storage, which will lead to a drastic cut in greenhouse gas emissions. The chairman's paper also noted that the G-8 nations and guest countries will promote international cooperation on the joint use of large-size facilities as well as to share information, setting up a new framework for a working-group meeting.

21) Senior U.S. official expresses concern about Japan's lopsided Diet

SANKEI (Page 7) (Full)
June 16, 2008

In a U.S. Congressional hearing on June 12, a senior U.S. official described Japan's divided Diet situation as "sailing in uncharted waters." The situation referred to is the ruling camp controlling the House of Representative, and the opposition camp in control of the House of Representatives. The official expressed concern about Japan's divided Diet as having delayed deliberations on bills and political decisions. The official stated that the pessimistic view is that the current unstable political situation in Japan would continue for several years. The official nonetheless expressed hope that Japan would play a leading role in the Group of Eight summit in July in Hokkaido.

Deputy Assistant Secretary of State for East Asian and Pacific Affairs Alexander Arvizu made the statement before a hearing of the Subcommittee on Asia, the Pacific, and the Global Environment of the House Foreign Affairs Committee. It is rare for a U.S. government official to comment on Japan's domestic politics.

22) Japan, China considering joint development of "Shirakaba" oil field, with Japan providing financing; Both sides now nailing down conditions

NIKKEI (Page 1) (Excerpts)

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June 16, 2008

The governments of Japan and China, in order to settle the issue of the development of gas fields in the E. China Sea, have begun to consider Japan possibly financing the "Shirakaba" gas field (Chunxiao in Chinese), which China is not developing on its own. The handling of the Shirakaba project is one of the major sticking points between the countries. If a compromise settlement can be reached, it will not be long before a final agreement can be reached on the gas-field development issue.

Both countries have shelved the issue of designating the EEZ line as the boundary, since the gulf is too wide to fill. They have decided to resolve the issue of gas fields in the E. China Sea by joint development. Working level officials are now boiling down the conditions, and depending on the conclusion of those talks, a formal announcement will be made.

SCHIEFFER